

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 426

Introduced by Pankonin, 2.

Read first time January 20, 2009

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to cities of the first class; to amend sections
2 16-1001, 16-1002, 16-1003, 16-1004, 16-1005, 16-1006,
3 16-1007, 16-1009, 16-1010, 16-1013, 16-1014, 16-1015,
4 16-1016, 16-1017, 16-1019, 18-1221, and 18-1723, Reissue
5 Revised Statutes of Nebraska, and section 77-3442,
6 Revised Statutes Cumulative Supplement, 2008; to name the
7 Police Officers Retirement Act and to change provisions
8 relating to participation, vesting, employee and employer
9 contributions, and tax levies; to eliminate obsolete
10 provisions; to harmonize provisions; to provide an
11 operative date; and to repeal the original sections.

12 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 16-1001, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 16-1001 Sections 16-1001 to 16-1019 shall be known and
4 may be cited as the Police Officers Retirement Act and shall apply
5 to all police officers of a city of the first class.

6 Sec. 2. Section 16-1002, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 16-1002 For purposes of ~~sections 16-1001 to 16-1019,~~
9 the Police Officers Retirement Act, unless the context otherwise
10 requires:

11 (1) Actuarial equivalent ~~shall mean~~ means equality in
12 value of the aggregate amount of benefit expected to be received
13 under different forms of benefit or at different times determined
14 as of a given date as adopted by the city or the retirement
15 committee for use by the retirement system. Actuarial equivalencies
16 ~~shall be~~ are specified in the funding medium established for the
17 retirement system, except that if benefits under the retirement
18 system are obtained through the purchase of an annuity contract,
19 the actuarial equivalent of any such form of benefit ~~shall be~~
20 is the amount of pension benefit which can be purchased or
21 otherwise provided by the police officer's retirement value.
22 All actuarial and mortality assumptions adopted by the city or
23 retirement committee ~~shall be~~ are on a sex-neutral basis;

24 (2) Beneficiary ~~shall mean~~ means the person or persons
25 designated by a police officer, pursuant to a written instrument

1 filed with the retirement committee before the police officer's
2 death, to receive death benefits which may be payable under the
3 retirement system;

4 (3) Funding agent ~~shall mean~~ means any bank, trust
5 company, life insurance company, thrift institution, credit union,
6 or investment management firm selected by the city or retirement
7 committee to hold or invest the funds of the retirement system;

8 (4) Regular interest ~~shall mean~~ means the rate of
9 interest earned each calendar year commencing January 1, 1984,
10 equal to the rate of net earnings realized for the calendar year
11 from investments of the retirement fund. Net earnings ~~shall mean~~
12 means the amount by which income or gain realized from investments
13 of the retirement fund exceeds the amount of any realized losses
14 from such investments during the calendar year;

15 (5) Regular pay ~~shall mean~~ the average salary of a police
16 officer for the five years preceding the date such police officer
17 elects to retire, the five years preceding his or her death, or
18 the five years preceding the date of disability, whichever is
19 earliest, except that for any police officer who retires, dies,
20 or becomes disabled after July 15, 1992, regular pay shall mean
21 means the average salary of the police officer for the period of
22 five consecutive years preceding such elective retirement, death,
23 or date of disability which produces the highest average;

24 (6) Salary ~~shall mean~~ means all amounts paid to a
25 participating police officer by the employing city for personal

1 services as reported on the participant's federal income tax
2 withholding statement, including the police officer's contributions
3 picked up by the city as provided in subsection (2) of section
4 16-1005 and any salary reduction contributions which are excludable
5 from income for federal income tax purposes pursuant to section 125
6 or 457 of the Internal Revenue Code;

7 (7) Retirement committee ~~shall mean~~ means the retirement
8 committee created pursuant to section 16-1014;

9 (8) Retirement system ~~shall mean~~ means a retirement
10 system established pursuant to ~~sections 16-1001 to 16-1019,~~ the
11 act;

12 (9) Retirement value ~~shall mean~~ means the accumulated
13 value of the police officer's employee account and employer
14 account. The retirement value ~~shall consist~~ consists of the sum
15 of the contributions made or transferred to such accounts by the
16 police officer and by the city on the police officer's behalf and
17 the regular interest credited to the accounts as of the date of
18 computation, reduced by any realized losses which were not taken
19 into account in determining regular interest in any year, and
20 further adjusted each year to reflect the pro rata share for the
21 accounts of the appreciation or depreciation of the fair market
22 value of the assets of the retirement system as determined by the
23 retirement committee. The retirement value ~~shall be~~ is reduced by
24 the amount of all distributions made to or on the behalf of the
25 police officer from the retirement system. Such valuation ~~shall~~

1 be is computed annually as of December 31. If separate investment
 2 accounts are established pursuant to subsection (3) of section
 3 16-1004, a police officer's retirement value with respect to such
 4 accounts ~~shall be~~ is equal to the value of his or her separate
 5 investment accounts as determined under such subsection;

6 (10) Annuity contract ~~shall mean~~ means the contract or
 7 contracts issued by one or more life insurance companies and
 8 purchased by the retirement system in order to provide any of
 9 the benefits described in ~~sections 16-1001 to 16-1019.~~ the act.
 10 Annuity conversion rates contained in any such contract ~~shall be~~
 11 are specified on a sex-neutral basis; and

12 (11) Straight life annuity ~~shall mean~~ means an ordinary
 13 annuity payable for the life of the primary annuitant only and
 14 terminating at his or her death without refund or death benefit of
 15 any kind.

16 Sec. 3. Section 16-1003, Reissue Revised Statutes of
 17 Nebraska, is amended to read:

18 16-1003 A police officer shall be credited with all years
 19 of his or her service after the year 1965 for the purpose of
 20 determining vested retirement benefits under ~~sections 16-1001 to~~
 21 ~~16-1019.~~ the Police Officers Retirement Act.

22 Sec. 4. Section 16-1004, Reissue Revised Statutes of
 23 Nebraska, is amended to read:

24 16-1004 (1) ~~Commencing on January 1, 1984, each~~ Each city
 25 of the first class shall keep and maintain a Police Officers

1 Retirement System Fund for the purpose of investing payroll
2 deductions and city contributions to the retirement system. The
3 fund shall be maintained separate and apart from all city money and
4 funds. The fund shall be administered under the direction of the
5 city and the retirement committee exclusively for the purposes of
6 the retirement system and for the benefit of participating police
7 officers and their beneficiaries. The fund shall be established as
8 a trust under the laws of this state for all purposes of section
9 401(a) of the Internal Revenue Code. ~~Upon the passage of sections~~
10 ~~16-1001 to 16-1019 all of the contributions made by a police~~
11 ~~officer prior to January 1, 1984, will be transferred to the police~~
12 ~~officer's employee account without interest unless the city, at~~
13 ~~the time of the transfer, credited interest on such contributions.~~
14 Regular interest shall begin to accrue on the any contributions
15 transferred into the fund. ~~from January 1, 1984.~~ Such funds shall
16 be invested in the manner prescribed in section 16-1016.

17 (2) The city shall establish a medium for funding of the
18 retirement system, which may be a pension trust fund, custodial
19 account, group annuity contract, or combination thereof, for the
20 purpose of investing money for the retirement system in the manner
21 prescribed by section 16-1016 and to provide the retirement, death,
22 and disability benefits for police officers pursuant to ~~sections~~
23 ~~16-1001 to 16-1019.~~ the Police Officers Retirement Act. The trustee
24 or custodian of any trust fund may be a designated funding agent
25 which is qualified to act as a fiduciary or custodian in this

1 state, the city treasurer, a city officer authorized to administer
2 funds of the city, or a combination thereof.

3 (3) Upon direction of the city, there may be established
4 separate investment accounts for each participating police officer
5 for the purpose of allowing each police officer to direct the
6 investment of all or a portion of his or her employee account or
7 employer account subject to the requirements of section 16-1016
8 and any other rules or limitations that may be established by
9 the city or the retirement committee. If separate investment
10 accounts are established, each account shall be separately invested
11 and reinvested, separately credited with all earnings and gains
12 with respect to the investment of the assets of the investment
13 account, and separately debited with the losses of the account.
14 Each investment account shall be adjusted each year to reflect the
15 appreciation or depreciation of the fair market value of the assets
16 held in such account as determined by the retirement committee. The
17 expenses incurred by the retirement system when a police officer
18 directs the investment of all or a portion of his or her individual
19 investment account shall be charged against the police officer's
20 investment account and shall reduce the police officer's retirement
21 value.

22 Sec. 5. Section 16-1005, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 16-1005 (1) ~~Each~~ Commencing January 1, 2010, each police
25 officer ~~participating in the retirement system~~ shall contribute to

1 the retirement system a sum equal to ~~six~~ xxx percent of his or her
2 salary. Such payment shall be made by regular payroll deductions
3 from his or her periodic salary and shall be credited to his or her
4 employee account on a monthly basis. Each such account shall also
5 be credited with regular interest.

6 (2) Each city of the first class ~~with police officers~~
7 ~~participating in a retirement system established pursuant to~~
8 ~~sections 16-1001 to 16-1019~~ shall pick up the police officers'
9 contributions required by subsection (1) of this section
10 ~~for all compensation paid on or after January 1, 1984,~~ and
11 the contributions so picked up shall be treated as employer
12 contributions in determining federal tax treatment under the
13 Internal Revenue Code, except that the city shall continue to
14 withhold federal income taxes based upon these contributions until
15 the Internal Revenue Service or the federal courts rule that,
16 pursuant to section 414(h) of the Internal Revenue Code, these
17 contributions shall not be included as gross income of the employee
18 until such time as they are distributed from the retirement system.
19 The city shall pay these employee contributions from the same
20 source of funds which is used in paying earnings to the employee.
21 The city shall pick up these contributions by a salary deduction
22 either through a reduction in the cash salary of the employee or a
23 combination of a reduction in salary and offset against a future
24 salary increase. A police officer shall not be given an option to
25 choose to receive the amount of the required contribution in lieu

1 of having such contribution paid directly to the retirement system.

2 (3) Each police officer ~~participating in the retirement~~
3 ~~system~~ shall be entitled to make voluntary cash contributions to
4 the retirement system in an amount not to exceed the contribution
5 limitations established by the Internal Revenue Code. Voluntary
6 contributions shall be credited to the police officer's employee
7 account and shall thereafter be credited with regular interest.
8 A police officer's voluntary contribution shall become a part of
9 the Police Officers Retirement System Fund and shall be held,
10 administered, invested, and distributed in the same manner as any
11 other employee contribution to the retirement system.

12 Sec. 6. Section 16-1006, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 16-1006 Beginning January 1, 1984, 2010, each city of
15 the first class with police officers participating in a retirement
16 ~~system~~ shall contribute to the retirement system a sum equal to ~~six~~
17 xxx percent of each such ~~participating~~ police officer's periodic
18 salary. Such payment shall be contributed as provided in subsection
19 (1) of section 16-1005 for employee contributions and shall be
20 credited to his or her employer account on a monthly basis. Each
21 such account shall also be credited with regular interest. The
22 city shall also contribute to the employer account of any police
23 officer employed by the city on January 1, 1984, an amount equal
24 to the employee contributions of such police officer that were made
25 to the city prior to January 1, 1984, without interest, with such

1 contribution to be made at the time the police officer retires or
2 terminates employment with the city. The city may contribute such
3 amount before the police officer's retirement or termination of
4 employment or credit interest on such contribution.

5 Sec. 7. Section 16-1007, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 16-1007 (1) At any time before the retirement date,
8 the retiring police officer may elect to receive at his or her
9 retirement date a pension benefit either in the form of a straight
10 life annuity or any optional form of annuity benefit established
11 by the retirement committee and provided under a purchased annuity
12 contract. The optional annuity benefit shall be specified in the
13 funding medium for the retirement system and shall include a
14 straight life annuity with a guarantee of at least sixty monthly
15 payments or an annuity payable for the life of the retiring police
16 officer and, after the death of the retiree, monthly payments,
17 as elected by the retiring police officer, of either one hundred
18 percent, seventy-five percent, or fifty percent of the amount of
19 annuity payable to the retiring police officer during his or her
20 life, to the beneficiary selected by the retiring police officer at
21 the time of the original application for an annuity. ~~For any police~~
22 ~~officer whose retirement date is on or after January 1, 1997, the~~
23 The optional benefit forms for the retirement system shall include
24 a single lump-sum payment of the police officer's retirement value.
25 ~~For police officers whose retirement date is prior to January 1,~~

1 ~~1997, a single lump-sum payment shall be available only if the~~
2 ~~city has adopted such distribution option in the funding medium~~
3 ~~established for the retirement system.~~ The retiring police officer
4 may further elect to defer the date of the first annuity payment
5 or lump-sum payment to the first day of any specified month prior
6 to age seventy. If the retiring police officer elects to receive
7 his or her pension benefit in the form of an annuity, the amount
8 of annuity benefit shall be the amount paid by the annuity contract
9 purchased or otherwise provided by his or her retirement value
10 as of the date of the first payment. Any such annuity contract
11 purchased by the retirement system may be distributed to the
12 police officer and, upon such distribution, all obligations of the
13 retirement system to pay retirement, death, or disability benefits
14 to the police officer and his or her beneficiaries shall terminate,
15 without exception.

16 (2) For all officers employed on January 1, 1984, and
17 continuously employed by the city from such date through the
18 date of their retirement, the amount of the pension benefit, when
19 determined on the straight life annuity basis, shall not be less
20 than the following amounts:

21 (a) If retirement occurs following age sixty and with
22 twenty-five years of service with the city, ~~or twenty-one years~~
23 ~~of service if hired prior to November 18, 1965,~~ fifty percent of
24 regular pay; or

25 (b) If retirement occurs following age fifty-five but

1 before age sixty and with twenty-five years of service with the
2 city, forty percent of regular pay.

3 A police officer entitled to a minimum pension benefit
4 under this subsection may elect to receive such pension benefit in
5 any form permitted by subsection (1) of this section, including
6 a single lump-sum payment. ~~if the officer retires on or after~~
7 ~~January 1, 1997, or if the city has adopted a lump-sum distribution~~
8 ~~option for officers retiring before January 1, 1997, in the funding~~
9 ~~medium for the retirement system.~~ If the minimum pension benefit
10 is paid in a form other than a straight life annuity, such benefit
11 shall be the actuarial equivalent of the straight life annuity that
12 would otherwise be paid to the officer pursuant to this subsection.

13 If the police officer chooses the single lump-sum payment
14 option, the officer can request that the actuarial equivalent
15 be equal to the average of the cost of three annuity contracts
16 purchased on the open market. Of the three annuity contracts used
17 for comparison, one shall be chosen by the police officer, one
18 shall be chosen by the retirement committee, and one shall be
19 chosen by the city.

20 (3) If the retirement value of an officer entitled to a
21 minimum pension benefit under subsection (2) of this section is not
22 sufficient at the time of the first payment to purchase or provide
23 the required pension benefit, the city shall transfer such funds as
24 may be necessary to the employer account of the police officer so
25 that the retirement value of such officer is sufficient to purchase

1 or provide for the required pension benefit.

2 (4) Any retiring police officer whose pension benefit
3 is less than twenty-five dollars per month on the straight life
4 annuity option shall be paid a lump-sum settlement equal to the
5 retirement value and shall not be entitled to elect to receive
6 annuity benefits.

7 Sec. 8. Section 16-1009, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 16-1009 (1) When prior to retirement any police officer
10 ~~participating in the retirement system~~ dies other than in the line
11 of duty and except as provided in subsection (2) of this section,
12 the entire retirement value shall be payable to the beneficiary
13 or beneficiaries specified by the deceased police officer prior
14 to his or her death or to the deceased police officer's estate
15 if no beneficiary was specified. The retirement value or portion
16 thereof to be received by the beneficiary may be paid in the
17 form of a single lump-sum payment, straight life annuity, or other
18 optional form of benefit specified in the retirement system's
19 funding medium. If benefits are paid in the form of an annuity, the
20 annuity shall be the amount paid by the annuity contract purchased
21 or otherwise provided by the amount of the beneficiary's share
22 of the retirement value as of the date of the first payment.
23 Upon the purchase and distribution of such annuity contract to
24 the beneficiary, all obligations of the retirement system to the
25 beneficiary shall terminate, without exception.

1 (2) If any police officer employed by such city as a
2 member of its paid police department on January 1, 1984, except
3 those who ~~shall have been~~ were formerly employed in such department
4 who are now in military service, dies while employed by the city as
5 a police officer, other than in the line of duty, after becoming
6 fifty-five years of age and before electing to retire, and after
7 serving in the paid police department of such city for at least
8 twenty-one years, then a pension of at least twenty-five percent
9 of his or her regular pay in the form of a straight life annuity
10 shall be paid to the surviving spouse of such deceased police
11 officer. If the deceased police officer is not survived by a spouse
12 or if the surviving spouse dies before the children of the police
13 officer attain the age of majority, the pension benefit shall be
14 paid to the police officer's minor children until they attain the
15 age of majority. Each such child shall share equally in the total
16 pension benefit to the age of his or her majority, except that as
17 soon as a child attains the age of majority, such pension as to
18 such child shall cease. To the extent that the retirement value
19 at the date of death exceeds the amount required to purchase the
20 specified pension, the excess shall be paid in the manner provided
21 in subsection (1) of this section. If the actuarial equivalent
22 of the pension benefit payable under this subsection exceeds the
23 retirement value at the time of the first payment, the city shall
24 contribute such additional amounts as may be necessary to purchase
25 or provide for the required pension benefit. If a deceased police

1 officer described in this subsection is not survived by a spouse or
2 minor children, his or her death benefits shall be provided under
3 subsection (1) of this section as if such officer was not employed
4 by the city on January 1, 1984.

5 (3) Any payments for the benefit of a minor child shall
6 be made on behalf of the child to the surviving parent or, if there
7 is no surviving parent, to the legal guardian of the child.

8 Sec. 9. Section 16-1010, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 16-1010 When prior to retirement any police officer
11 ~~participating in the retirement system~~ dies in the line of duty or
12 ~~in case~~ his or her death is caused by or is the result of injuries
13 received while in the line of duty and if such police officer
14 is not survived by a spouse or by minor children, the entire
15 retirement value shall be payable to the beneficiary specified by
16 the deceased police officer prior to his or her death or to the
17 deceased police officer's estate if no beneficiary was specified.
18 The retirement value or portion thereof to be received by the
19 beneficiary may be paid in the form of a single lump-sum payment,
20 straight life annuity, or other optional form of benefit specified
21 in the retirement system's funding medium. For a police officer who
22 is survived by a spouse or minor children, a retirement pension
23 of fifty percent of regular pay shall be paid to the surviving
24 spouse or, upon his or her remarriage or death, to the minor
25 children during each child's minority subject to deduction of the

1 amounts paid as workers' compensation benefits on account of death
2 as provided in section 16-1012. Each such child shall share equally
3 in the total pension benefit to the age of his or her majority,
4 except that as soon as a child attains the age of majority, such
5 pension as to such child shall cease. Any payments for the benefit
6 of a minor child shall be made on behalf of such child to the
7 surviving parent or, if there is no surviving parent, to the legal
8 guardian of the child. To the extent that the retirement value
9 at the date of death exceeds the amount required to purchase or
10 provide the specified retirement pension, as reduced by any amounts
11 paid as workers' compensation benefits, the excess shall be paid in
12 the manner provided in subsection (1) of section 16-1009. If the
13 actuarial equivalent of the pension benefit payable to a surviving
14 spouse or minor children under this section exceeds the retirement
15 value at the time of the first payment, the city shall contribute
16 such additional amount as may be necessary to purchase or provide
17 for the required pension benefit.

18 Sec. 10. Section 16-1013, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 16-1013 If a police officer quits or is discharged before
21 his or her normal or early retirement date, the officer may request
22 and receive as a lump-sum payment an amount equal to the retirement
23 value of his or her employee account as determined at the valuation
24 date preceding his or her termination of employment. Such police
25 officer, if vested, shall also receive a deferred pension benefit

1 in an amount purchased or provided by the retirement value at the
2 date of retirement. The retirement value at such retirement date
3 shall consist of the accumulated value of the police officer's
4 employee account, as reduced by any lump-sum distributions received
5 prior to retirement, together with a vested percentage of the
6 accumulated value of the police officer's employer account at the
7 date of retirement.

8 The Commencing January 1, 2010, the vesting schedule
9 shall be as follows:

10 (1) If the terminated police officer has been a member of
11 the system for less than ~~four years,~~ two years, such vesting shall
12 be nil;

13 (2) If the terminating officer has been a member of the
14 paid department of the city of the first class for at least ~~four~~
15 two years, such vesting percentage shall be forty percent. Such
16 vesting percentage shall be ~~fifty~~ sixty percent after ~~five~~ three
17 years, sixty eighty percent after ~~six~~ four years, seventy percent
18 after seven years, eighty percent after ~~eight years,~~ ninety percent
19 after nine years, and one hundred percent after ~~ten~~ five years; and

20 (3) All police officers shall be one hundred percent
21 vested upon attainment of age sixty while employed by the city as
22 a police officer.

23 The deferred pension benefit shall be payable on the
24 first of the month immediately following the police officer's
25 sixtieth birthday. At the option of the terminating police officer,

1 such pension benefit may be paid as of the first of the month after
2 such police officer attains the age of fifty-five. Such election
3 may be made by the police officer any time prior to the payment
4 of the pension benefits. The deferred pension benefit shall be
5 paid in the form of the benefit options specified in subsection
6 (1) of section 16-1007 as elected by the police officer. If the
7 police officer's vested retirement value at the date of his or her
8 termination of employment is less than three thousand five hundred
9 dollars, the city may elect to pay such police officer his or her
10 vested retirement value in the form of a single lump-sum payment.

11 ~~Effective January 1, 1997, a~~ A police officer may elect
12 upon his or her termination of employment to receive his or her
13 vested retirement value in the form of a single lump-sum payment.
14 ~~For a police officer whose termination of employment is prior to~~
15 ~~January 1, 1997, this election shall be available only if the city~~
16 ~~has adopted a lump-sum distribution option for terminating police~~
17 ~~officers in the funding medium established for the retirement~~
18 ~~system.~~

19 Upon any lump-sum payment of a terminating police
20 officer's retirement value under this section, such police officer
21 will not be entitled to any deferred pension benefit and the city
22 and the retirement system shall have no further obligation to pay
23 such police officer or his or her beneficiaries any benefits under
24 ~~sections 16-1001 to 16-1019.~~ the Police Officers Retirement Act.

25 If the terminating police officer is not credited with

1 one hundred percent of his or her employer account, the nonvested
2 portion of the account shall be forfeited and first used to
3 meet the expense charges incurred by the city in connection
4 with administering the police officers retirement system and the
5 remainder shall then be used to reduce the city contribution which
6 would otherwise be required to fund pension benefits.

7 Sec. 11. Section 16-1014, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 16-1014 A retirement committee shall be established
10 to supervise the general operation of the retirement system
11 established pursuant to ~~sections 16-1001 to 16-1019.~~ the Police
12 Officers Retirement Act. The governing body of the city shall
13 continue to be responsible for the general administration of
14 such retirement system unless specific functions or all functions
15 with regard to the administration of the retirement system are
16 delegated, by ordinance, to the retirement committee. Whenever
17 duties or powers are vested in the city or the retirement committee
18 under ~~such sections~~ the act or whenever ~~such sections fail~~ the
19 act fails to specifically allocate the duties or powers of
20 administration of the retirement system, such powers or duties
21 shall be vested in the city unless such powers or duties have been
22 delegated by ordinance to the retirement committee. The city and
23 the retirement committee shall have all powers which are necessary
24 for or appropriate to establishing, maintaining, managing, and
25 administering the retirement system.

1 Sec. 12. Section 16-1015, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 16-1015 Each retirement committee established pursuant to
4 section 16-1014 shall consist of members from both the police force
5 and designees of the city council. The committee shall consist of
6 six members of which four members shall be selected by the officers
7 from the police force of the city. Two members shall be designated
8 by the city council. ~~The members who are not participants in such~~
9 ~~retirement system shall have a general knowledge of retirement~~
10 ~~plans.~~ Members of the governing body of such city may serve on
11 the retirement committee. The committee members shall be appointed
12 to four-year terms. Vacancies shall be filled for the remainder of
13 the term by a person with the same representation as his or her
14 predecessor. Members of the retirement committee shall receive no
15 salary and shall not be compensated for expenses.

16 Sec. 13. Section 16-1016, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 16-1016 The funds of the retirement system shall be
19 invested under the general direction of the retirement committee.
20 The city or the retirement committee if delegated such function
21 by the city shall select and contract with a funding agent or
22 agents to hold or invest the assets of the retirement system and to
23 provide for the benefits provided by ~~sections 16-1001 to 16-1019.~~
24 the Police Officers Retirement Act. The city or committee may
25 select and contract with investment managers registered under the

1 Investment Advisers Act of 1940 to invest, reinvest, and otherwise
2 manage such portion of the assets of the retirement system as may
3 be assigned by the city or committee. All funds of the retirement
4 system shall be invested pursuant to the policies established by
5 the Nebraska Investment Council.

6 Sec. 14. Section 16-1017, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 16-1017 (1) It shall be the duty of the retirement
9 committee to:

10 (a) Provide each employee a summary of plan eligibility
11 requirements and benefit provisions;

12 (b) Provide, within thirty days after a request is made
13 by a participant, a statement describing the amount of benefits
14 such participant is eligible to receive; and

15 (c) Make available for review an annual report of the
16 system's operations describing both (i) the amount of contributions
17 to the system from both employee and employer sources and (ii) an
18 identification of the total assets of the retirement system.

19 (2) (a) Beginning December 31, ~~1998,~~ 2010, and each
20 December 31 thereafter, the chairperson of the retirement committee
21 shall file with the Public Employees Retirement Board ~~an annual a~~
22 report on each retirement plan established pursuant to section
23 401(a) of the Internal Revenue Code and administered by a
24 retirement system established pursuant to ~~sections 16-1001 to~~
25 ~~16-1019~~ the Police Officers Retirement Act and shall submit copies

1 of such report to the members of the Nebraska Retirement Systems
2 Committee of the Legislature. The annual report shall be in a
3 form prescribed by the Public Employees Retirement Board and shall
4 contain the following information for each such retirement plan:

5 (i) The number of persons participating in the retirement
6 plan;

7 (ii) The contribution rates of participants in the plan;

8 (iii) Plan assets and liabilities;

9 (iv) The names and positions of persons administering the
10 plan;

11 (v) The names and positions of persons investing plan
12 assets;

13 (vi) The form and nature of investments;

14 (vii) For each defined contribution plan, a full
15 description of investment policies and options available to plan
16 participants; and

17 (viii) For each defined benefit plan, the levels of
18 benefits of participants in the plan, the number of members who
19 are eligible for a benefit, and the total present value of such
20 members' benefits, as well as the funding sources which will pay
21 for such benefits.

22 If a plan contains no current active participants, the
23 chairperson may file in place of such report a statement with the
24 Public Employees Retirement Board indicating the number of retirees
25 still drawing benefits, and the sources and amount of funding for

1 such benefits.

2 (b) Beginning December 31, 1998, and every four years
3 thereafter, if such retirement plan is a defined benefit plan,
4 the retirement committee shall cause to be prepared a quadrennial
5 report and the chairperson shall file the same with the Public
6 Employees Retirement Board and submit to the members of the
7 Nebraska Retirement Systems Committee of the Legislature a copy of
8 such report. The report shall consist of a full actuarial analysis
9 of each such retirement plan administered by a system established
10 pursuant to ~~sections 16-1001 to 16-1019.~~ the act. The analysis
11 shall be prepared by an independent private organization or public
12 entity employing actuaries who are members in good standing of the
13 American Academy of Actuaries, and which organization or entity
14 has demonstrated expertise to perform this type of analysis and is
15 unrelated to any organization offering investment advice or which
16 provides investment management services to the retirement plan.

17 Sec. 15. Section 16-1019, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 16-1019 (1) The right to any benefits under the
20 retirement system and the assets of any fund of the retirement
21 system shall not be assignable or subject to execution,
22 garnishment, attachment, or the operation of any bankruptcy or
23 insolvency laws, except that the retirement system may comply with
24 the directions set forth in a qualified domestic relations order
25 meeting the requirements of section 414(p) of the Internal Revenue

1 Code. The city or retirement committee may require appropriate
2 releases from any person as a condition to complying with any
3 such order. The retirement system shall not recognize any domestic
4 relations order which alters or changes benefits, provides for
5 a form of benefit not otherwise provided for by the retirement
6 system, increases benefits not otherwise provided by the retirement
7 system, or accelerates or defers the time of payment of benefits.
8 No participant or beneficiary shall have any right to any specific
9 portion of the assets of the retirement system.

10 (2) The retirement system shall be administered in a
11 manner necessary to comply with the tax-qualification requirements
12 applicable to government retirement plans under section 401(a) of
13 the Internal Revenue Code, including section 401(a)(9) relating
14 to the time and manner in which benefits are required to
15 be distributed, section 401(a)(16) relating to compliance with
16 the maximum limitation on the plan benefits or contributions
17 under section 415, section 401(a)(17) which limits the amount of
18 compensation which can be taken into account under a retirement
19 plan, and section 401(a)(25) relating to the specification of
20 actuarial assumptions. Any requirements for compliance with section
21 401(a) of the Internal Revenue Code may be set forth in any
22 trust or funding medium for the retirement system. This subsection
23 shall be in full force and effect only so long as conformity with
24 section 401(a) of the Internal Revenue Code is required for public
25 retirement systems in order to secure the favorable income tax

1 treatment extended to sponsors and beneficiaries of tax-qualified
2 retirement plans.

3 (3) If the retirement committee determines that the
4 retirement system has previously overpaid or underpaid a benefit
5 payable under ~~sections 16-1001 to 16-1019,~~ the Police Officers
6 Retirement Act, it shall have the power to correct such error. In
7 the event of an overpayment, the retirement system may, in addition
8 to any other remedy that the retirement system may possess, offset
9 future benefit payments by the amount of the prior overpayment,
10 together with regular interest thereon.

11 (4) A police officer whose benefit payment is adjusted by
12 the retirement committee pursuant to subsection (3) of this section
13 may request a review by the city council of the adjustment made by
14 the retirement committee.

15 (5) In order to provide the necessary amounts to pay
16 for or fund a pension plan established under ~~sections 16-1001 to~~
17 ~~16-1019,~~ the act, the mayor and council may make a levy which is
18 ~~within~~ not subject to the levy restrictions of section 77-3442.

19 Sec. 16. Section 18-1221, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 18-1221 (1) Except as provided in subsection (2) of
22 this section, subject ~~Subject~~ to the levy limitations contained in
23 section 77-3442, but notwithstanding any limitations in any other
24 law or city home rule charter, any city or village of this state
25 which provides a pension or retirement system for all or a portion

1 of its employees shall levy a tax in addition to all other taxes
2 in order to defray the cost to such city or village in meeting
3 the obligations arising by reason of providing such pension or
4 retirement system. The revenue so raised shall be limited to the
5 amount required to defray the cost to such city or village in
6 meeting the obligations arising by reason of providing such pension
7 or retirement system, and shall be used for no other purpose.

8 (2) Pursuant to section 16-1019, a city of the first
9 class which levies a tax under the Police Officers Retirement Act
10 shall not be subject to the levy limitations contained in section
11 77-3442.

12 Sec. 17. Section 18-1723, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 18-1723 Whenever any firefighter who has served a total
15 of five years as a member of a paid fire department of any city
16 in this state or any police officer of any city or village,
17 including any city having a home rule charter, shall suffer death
18 or disability as a result of hypertension or heart or respiratory
19 defect or disease, there shall be a rebuttable presumption that
20 such death or disability resulted from accident or other cause
21 while in the line of duty for all purposes of the Police Officers
22 Retirement Act, Chapter 15, article 10, sections ~~16-1001~~ 16-1020
23 to 16-1042, and any firefighter's or police officer's pension plan
24 established pursuant to any home rule charter, the Legislature
25 specifically finding the subject of this section to be a matter of

1 general statewide concern. Such rebuttable presumption shall apply
2 in any action or proceeding arising out of death or disability
3 incurred prior to December 25, 1969, and which has not been
4 processed to final administrative or judicial conclusion prior to
5 such date.

6 Sec. 18. Section 77-3442, Revised Statutes Cumulative
7 Supplement, 2008, is amended to read:

8 77-3442 (1) Property tax levies for the support of local
9 governments for fiscal years beginning on or after July 1, 1998,
10 shall be limited to the amounts set forth in this section except as
11 provided in section 77-3444.

12 (2) (a) Except as provided in subdivision (2) (e) of this
13 section, school districts and multiple-district school systems,
14 except learning communities and school districts that are members
15 of learning communities, may levy a maximum levy of one dollar and
16 five cents per one hundred dollars of taxable valuation of property
17 subject to the levy.

18 (b) For each fiscal year, learning communities may levy
19 a maximum levy for the general fund budgets of member school
20 districts of ninety-five cents per one hundred dollars of taxable
21 valuation of property subject to the levy. The proceeds from the
22 levy pursuant to this subdivision shall be distributed pursuant to
23 section 79-1073.

24 (c) Except as provided in subdivision (2) (e) of this
25 section, for each fiscal year, school districts that are members

1 of learning communities may levy for purposes of such districts'
2 general fund budget and special building funds a maximum combined
3 levy of the difference of one dollar and five cents on each one
4 hundred dollars of taxable property subject to the levy minus
5 the learning community levies pursuant to subdivisions (2)(b) and
6 (2)(g) of this section for such learning community.

7 (d) Excluded from the limitations in subdivisions (2)(a)
8 and (2)(c) of this section are amounts levied to pay for
9 sums agreed to be paid by a school district to certificated
10 employees in exchange for a voluntary termination of employment
11 and amounts levied to pay for special building funds and sinking
12 funds established for projects commenced prior to April 1, 1996,
13 for construction, expansion, or alteration of school district
14 buildings. For purposes of this subsection, commenced means any
15 action taken by the school board on the record which commits
16 the board to expend district funds in planning, constructing, or
17 carrying out the project.

18 (e) Federal aid school districts may exceed the maximum
19 levy prescribed by subdivision (2)(a) or (2)(c) of this section
20 only to the extent necessary to qualify to receive federal aid
21 pursuant to Title VIII of Public Law 103-382, as such title existed
22 on September 1, 2001. For purposes of this subdivision, federal
23 aid school district means any school district which receives ten
24 percent or more of the revenue for its general fund budget from
25 federal government sources pursuant to Title VIII of Public Law

1 103-382, as such title existed on September 1, 2001.

2 (f) For school fiscal year 2002-03 through school fiscal
3 year 2007-08, school districts and multiple-district school systems
4 may, upon a three-fourths majority vote of the school board of
5 the school district, the board of the unified system, or the
6 school board of the high school district of the multiple-district
7 school system that is not a unified system, exceed the maximum
8 levy prescribed by subdivision (2)(a) of this section in an amount
9 equal to the net difference between the amount of state aid that
10 would have been provided under the Tax Equity and Educational
11 Opportunities Support Act without the temporary aid adjustment
12 factor as defined in section 79-1003 for the ensuing school fiscal
13 year for the school district or multiple-district school system
14 and the amount provided with the temporary aid adjustment factor.
15 The State Department of Education shall certify to the school
16 districts and multiple-district school systems the amount by which
17 the maximum levy may be exceeded for the next school fiscal year
18 pursuant to this subdivision (f) of this subsection on or before
19 February 15 for school fiscal years 2004-05 through 2007-08.

20 (g) For each fiscal year, learning communities may levy a
21 maximum levy of two cents on each one hundred dollars of taxable
22 property subject to the levy for special building funds for member
23 school districts. The proceeds from the levy pursuant to this
24 subdivision shall be distributed pursuant to section 79-1073.01.

25 (h) For each fiscal year, learning communities may levy

1 a maximum levy of five cents on each one hundred dollars of
2 taxable property subject to the levy for elementary learning center
3 facilities and for up to fifty percent of the estimated cost for
4 capital projects approved by the learning community coordinating
5 council pursuant to section 79-2111.

6 (3) Community colleges may levy a maximum levy calculated
7 pursuant to the Community College Foundation and Equalization Aid
8 Act on each one hundred dollars of taxable property subject to the
9 levy.

10 (4) (a) Natural resources districts may levy a maximum
11 levy of four and one-half cents per one hundred dollars of taxable
12 valuation of property subject to the levy.

13 (b) Natural resources districts shall also have the power
14 and authority to levy a tax equal to the dollar amount by which
15 their restricted funds budgeted to administer and implement ground
16 water management activities and integrated management activities
17 under the Nebraska Ground Water Management and Protection Act
18 exceed their restricted funds budgeted to administer and implement
19 ground water management activities and integrated management
20 activities for FY2003-04, not to exceed one cent on each one
21 hundred dollars of taxable valuation annually on all of the taxable
22 property within the district.

23 (c) In addition, natural resources districts located in
24 a river basin, subbasin, or reach that has been determined to
25 be fully appropriated pursuant to section 46-714 or designated

1 as overappropriated pursuant to section 46-713 by the Department
2 of Natural Resources shall also have the power and authority to
3 levy a tax equal to the dollar amount by which their restricted
4 funds budgeted to administer and implement ground water management
5 activities and integrated management activities under the Nebraska
6 Ground Water Management and Protection Act exceed their restricted
7 funds budgeted to administer and implement ground water management
8 activities and integrated management activities for FY2005-06, not
9 to exceed three cents on each one hundred dollars of taxable
10 valuation on all of the taxable property within the district for
11 fiscal year 2006-07 and each fiscal year thereafter through fiscal
12 year 2011-12.

13 (5) Any educational service unit authorized to levy a
14 property tax pursuant to section 79-1225 may levy a maximum levy of
15 one and one-half cents per one hundred dollars of taxable valuation
16 of property subject to the levy.

17 (6) (a) ~~Incorporated~~ Except as provided in section 16-1019
18 for cities of the first class, incorporated cities and villages
19 which are not within the boundaries of a municipal county may
20 levy a maximum levy of forty-five cents per one hundred dollars
21 of taxable valuation of property subject to the levy plus an
22 additional five cents per one hundred dollars of taxable valuation
23 to provide financing for the municipality's share of revenue
24 required under an agreement or agreements executed pursuant to
25 the Interlocal Cooperation Act or the Joint Public Agency Act.

1 The maximum levy shall include amounts levied to pay for sums
2 to support a library pursuant to section 51-201, museum pursuant
3 to section 51-501, visiting community nurse, home health nurse,
4 or home health agency pursuant to section 71-1637, or statue,
5 memorial, or monument pursuant to section 80-202.

6 (b) ~~Incorporated~~ Except as provided in section 16-1019
7 for cities of the first class, incorporated cities and villages
8 which are within the boundaries of a municipal county may levy a
9 maximum levy of ninety cents per one hundred dollars of taxable
10 valuation of property subject to the levy. The maximum levy shall
11 include amounts paid to a municipal county for county services,
12 amounts levied to pay for sums to support a library pursuant to
13 section 51-201, a museum pursuant to section 51-501, a visiting
14 community nurse, home health nurse, or home health agency pursuant
15 to section 71-1637, or a statue, memorial, or monument pursuant to
16 section 80-202.

17 (7) Sanitary and improvement districts which have been in
18 existence for more than five years may levy a maximum levy of forty
19 cents per one hundred dollars of taxable valuation of property
20 subject to the levy, and sanitary and improvement districts which
21 have been in existence for five years or less shall not have
22 a maximum levy. Unconsolidated sanitary and improvement districts
23 which have been in existence for more than five years and are
24 located in a municipal county may levy a maximum of eighty-five
25 cents per hundred dollars of taxable valuation of property subject

1 to the levy.

2 (8) Counties may levy or authorize a maximum levy of
3 fifty cents per one hundred dollars of taxable valuation of
4 property subject to the levy, except that five cents per one
5 hundred dollars of taxable valuation of property subject to the
6 levy may only be levied to provide financing for the county's
7 share of revenue required under an agreement or agreements executed
8 pursuant to the Interlocal Cooperation Act or the Joint Public
9 Agency Act. The maximum levy shall include amounts levied to pay
10 for sums to support a library pursuant to section 51-201 or museum
11 pursuant to section 51-501. The county may allocate up to fifteen
12 cents of its authority to other political subdivisions subject
13 to allocation of property tax authority under subsection (1) of
14 section 77-3443 and not specifically covered in this section to
15 levy taxes as authorized by law which do not collectively exceed
16 fifteen cents per one hundred dollars of taxable valuation on any
17 parcel or item of taxable property. The county may allocate to
18 one or more other political subdivisions subject to allocation
19 of property tax authority by the county under subsection (1) of
20 section 77-3443 some or all of the county's five cents per one
21 hundred dollars of valuation authorized for support of an agreement
22 or agreements to be levied by the political subdivision for the
23 purpose of supporting that political subdivision's share of revenue
24 required under an agreement or agreements executed pursuant to the
25 Interlocal Cooperation Act or the Joint Public Agency Act. If an

1 allocation by a county would cause another county to exceed its
2 levy authority under this section, the second county may exceed the
3 levy authority in order to levy the amount allocated.

4 (9) Municipal counties may levy or authorize a maximum
5 levy of one dollar per one hundred dollars of taxable valuation
6 of property subject to the levy. The municipal county may allocate
7 levy authority to any political subdivision or entity subject to
8 allocation under section 77-3443.

9 (10) Property tax levies for judgments, except judgments
10 or orders from the Commission of Industrial Relations, obtained
11 against a political subdivision which require or obligate a
12 political subdivision to pay such judgment, to the extent such
13 judgment is not paid by liability insurance coverage of a
14 political subdivision, for preexisting lease-purchase contracts
15 approved prior to July 1, 1998, for bonded indebtedness approved
16 according to law and secured by a levy on property except as
17 provided in section 44-4317 for bonded indebtedness issued by
18 educational service units and school districts, and for payments by
19 a public airport to retire interest-free loans from the Department
20 of Aeronautics in lieu of bonded indebtedness at a lower cost to
21 the public airport are not included in the levy limits established
22 by this section.

23 (11) The limitations on tax levies provided in this
24 section are to include all other general or special levies
25 provided by law. Notwithstanding other provisions of law, the

1 only exceptions to the limits in this section are those provided by
2 or authorized by sections 77-3442 to 77-3444.

3 (12) Tax levies in excess of the limitations in this
4 section shall be considered unauthorized levies under section
5 77-1606 unless approved under section 77-3444.

6 (13) For purposes of sections 77-3442 to 77-3444,
7 political subdivision means a political subdivision of this state
8 and a county agricultural society.

9 (14) For school districts that file a binding resolution
10 on or before May 9, 2008, with the county assessors, county clerks,
11 and county treasurers for all counties in which the school district
12 has territory pursuant to subsection (7) of section 79-458, if the
13 combined levies, except levies for bonded indebtedness approved by
14 the voters of the school district and levies for the refinancing
15 of such bonded indebtedness, are in excess of the greater of (a)
16 one dollar and twenty cents per one hundred dollars of taxable
17 valuation of property subject to the levy or (b) the maximum
18 levy authorized by a vote pursuant to section 77-3444, all school
19 district levies, except levies for bonded indebtedness approved by
20 the voters of the school district and levies for the refinancing of
21 such bonded indebtedness, shall be considered unauthorized levies
22 under section 77-1606.

23 Sec. 19. This act becomes operative on January 1, 2010.

24 Sec. 20. Original sections 16-1001, 16-1002, 16-1003,
25 16-1004, 16-1005, 16-1006, 16-1007, 16-1009, 16-1010, 16-1013,

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1 16-1014, 16-1015, 16-1016, 16-1017, 16-1019, 18-1221, and 18-1723,
2 Reissue Revised Statutes of Nebraska, and section 77-3442, Revised
3 Statutes Cumulative Supplement, 2008, are repealed.